

TOWNSHIP OF GREENDALE
Midland County, Michigan

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Greendale	County Midland
Audit Date March 31, 2004	Opinion Date August 10, 2004	Date Accountant Report Submitted to State: August 10, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government* issued by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF GREENDALE
Midland County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 10, 2004

To the Township Board
Township of Greendale
Midland County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Greendale, Midland County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Greendale's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Greendale, Midland County, Michigan, as of March 31, 2004, and the result of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Greendale, Midland County, Michigan. Such information, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GREENDALE
Midland County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS EXHIBIT A
March 31, 2004

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Group</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	<u>General Fixed Assets</u>
<u>Assets</u>				
Cash in bank	264 772 72	32 812 02	55 54	-
Taxes receivable	5 696 84	11 614 65	-	-
Due from other funds	53 50	-	-	-
Land	-	-	-	19 727 00
Building	-	-	-	30 981 96
Equipment	-	-	-	23 438 16
Total Assets	<u>270 523 06</u>	<u>44 426 67</u>	<u>55 54</u>	<u>74 147 12</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	508 12	8 657 91	-	-
Due to other funds	-	-	53 50	-
Due to others	-	-	2 04	-
Total liabilities	<u>508 12</u>	<u>8 657 91</u>	<u>55 54</u>	<u>-</u>
Fund equity:				
Investment in general fixed assets	-	-	-	74 147 12
Fund balances:				
Unreserved:				
Undesignated:	<u>270 014 94</u>	<u>35 768 76</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>270 014 94</u>	<u>35 768 76</u>	<u>-</u>	<u>74 147 12</u>
Total Liabilities and Fund Equity	<u>270 523 06</u>	<u>44 426 67</u>	<u>55 54</u>	<u>74 147 12</u>

The accompanying notes are an integral part of these financial statements.

Total
(Memorandum
Only)

297 640 28

17 311 49

53 50

19 727 00

30 981 96

23 438 16

389 152 39

9 166 03

53 50

2 04

9 221 57

74 147 12

305 783 70

379 930 82

389 152 39

TOWNSHIP OF GREENDALE
Midland County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 1

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Revenues:			
Property taxes	32 008 54	-	32 008 54
Licenses and permits	11 364 00	-	11 364 00
Other taxes	2 976 46	-	2 976 46
State revenue sharing	132 518 50	-	132 518 50
State grant	17 453 83	-	17 453 83
Charges for services:			
Cemetery	6 790 00	-	6 790 00
Interest	2 200 87	159 39	2 360 26
Special assessments	-	49 070 00	49 070 00
Miscellaneous	15 657 49	-	15 657 49
Total revenues	<u>220 969 69</u>	<u>49 229 39</u>	<u>270 199 08</u>
Expenditures:			
Legislative:			
Township Board	6 186 80	-	6 186 80
General government:			
Supervisor	18 926 75	-	18 926 75
Clerk	8 657 96	-	8 657 96
Board of Review	1 549 80	-	1 549 80
Treasurer	12 994 48	-	12 994 48
Building and grounds	3 963 31	-	3 963 31
Cemetery	8 893 70	-	8 893 70
Unallocated	27 677 56	-	27 677 56
Public safety:			
Fire protection	38 514 36	-	38 514 36
Juvenile justice	17 453 83	-	17 453 83
Planning and zoning	5 875 61	-	5 875 61
Inspection	9 598 89	-	9 598 89
Public works:			
Highways and streets	45 640 78	-	45 640 78
Street lighting	1 009 56	-	1 009 56
Drains	7 270 49	-	7 270 49
Sanitation	-	67 077 15	67 077 15
Culture and recreation:			
Library	<u>3 907 00</u>	<u>-</u>	<u>3 907 00</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 2

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Total expenditures	<u>218 120 88</u>	<u>67 077 15</u>	<u>285 198 03</u>
Excess (deficiency) of revenues over expenditures	2 848 81	(17 847 76)	(14 998 95)
Fund balances, April 1	<u>267 166 13</u>	<u>53 616 52</u>	<u>320 782 65</u>
Fund Balances, March 31	<u>270 014 94</u>	<u>35 768 76</u>	<u>305 783 70</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C
Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	32 314 27	32 008 54	(305 73)
Licenses and permits	11 500 00	11 364 00	(136 00)
Other taxes	-	2 976 46	2 976 46
State revenue sharing	127 976 46	132 518 50	4 452 04
State grant	25 000 00	17 453 83	(7 546 17)
Charges for services:			
Cemetery	12 145 54	6 790 00	(5 355 54)
Interest	2 500 00	2 200 87	(299 13)
Special assessments	-	-	-
Miscellaneous	<u>15 850 00</u>	<u>15 657 49</u>	<u>(192 51)</u>
Total revenues	<u>227 286 27</u>	<u>220 969 69</u>	<u>(6 316 58)</u>
Expenditures:			
Legislative:			
Township Board	6 200 00	6 186 80	(13 20)
General government:			
Supervisor	19 000 00	18 926 75	(73 25)
Clerk	8 660 00	8 657 96	(2 04)
Board of Review	1 550 00	1 549 80	(20)
Treasurer	13 010 00	12 994 48	(15 52)
Building and grounds	4 058 00	3 963 31	(94 69)
Cemetery	9 434 00	8 893 70	(540 30)
Unallocated	27 700 00	27 677 56	(22 44)
Public safety:			
Fire protection	39 000 00	38 514 36	(485 64)
Juvenile justice	25 000 00	17 453 83	(7 546 17)
Planning and zoning	5 880 00	5 875 61	(4 39)
Inspection	9 674 63	9 598 89	(75 74)
Public works:			
Highways and streets	45 640 78	45 640 78	-
Street lighting	1 050 00	1 009 56	(40 44)
Drains	7 376 82	7 270 49	(106 33)
Sanitation	-	-	-
Culture and recreation:			
Library	<u>3 907 00</u>	<u>3 907 00</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
150 00	159 39	9 39
49 225 48	49 070 00	(155 48)
-	-	-
<u>49 375 48</u>	<u>49 229 39</u>	<u>(146 09)</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
67 175 48	67 077 15	(98 33)
-	-	-

TOWNSHIP OF GREENDALE
Midland County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Total expenditures	<u>227 141 23</u>	<u>218 120 88</u>	<u>(9 020 35)</u>
Excess (deficiency) of revenues over expenditures	145 04	2 848 81	2 703 77
Fund balances, April 1	<u>26 680 33</u>	<u>267 166 13</u>	<u>240 485 80</u>
Fund Balances, March 31	<u>26 825 37</u>	<u>270 014 94</u>	<u>243 189 57</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<u>67 175 48</u>	<u>67 077 15</u>	<u>(98 33)</u>
(17 800 00)	(17 847 76)	(47 76)
<u>17 800 00</u>	<u>53 616 52</u>	<u>35 816 52</u>
<u>-</u>	<u>35 768 76</u>	<u>35 768 76</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Greendale, Midland County, Michigan conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Greendale. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenue requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Account Group

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 1.2062 mills, and the taxable value was \$27,205,028.00.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts, and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>297 640 28</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	191 960 61
Uninsured and Uncollateralized	<u>111 000 88</u>
Total Deposits	<u>302 961 49</u>

The Township of Greendale did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land	19 727 00	-	-	19 727 00
Building	30 981 96	-	-	30 981 96
Equipment	<u>23 438 16</u>	<u>-</u>	<u>-</u>	<u>23 438 16</u>
Totals	<u>74 147 12</u>	<u>-</u>	<u>-</u>	<u>74 147 12</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>53 50</u>	Current Tax Collection	<u>53 50</u>

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Employee contributions are voluntary. Pension expense for the fiscal year ended March 31, 2004, was \$5,246.54.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

As of March 31, 2004, the Township had building permit revenues of \$11,364.00 and building permit expenses of \$9,598.89.

Note 9 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF GREENDALE
Midland County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 1

Township Board:	
Wages	4 190 00
Mileage and expenses	<u>1 996 80</u>
	6 186 80
Supervisor:	
Salary and wages	16 217 50
Deputy	500 00
Supplies	1 834 25
Mileage and expenses	<u>375 00</u>
	18 926 75
Clerk:	
Salary and wages	6 710 00
Deputy	500 00
Supplies	438 56
Mileage and expenses	<u>1 009 40</u>
	8 657 96
Board of Review:	
Wages	<u>1 549 80</u>
Treasurer:	
Salary and wages	6 710 00
Deputy	500 00
Supplies	4 165 34
Mileage and expenses	<u>1 619 14</u>
	12 994 48
Building and grounds:	
Wages	960 00
Supplies	1 546 13
Utilities	417 00
Maintenance	650 00
Telephone	<u>390 18</u>
	3 963 31
Cemetery:	
Wages	7 255 00
Supplies	501 10
Utilities	84 00
Repairs and maintenance	840 00
Mileage and expenses	<u>213 60</u>
	8 893 70

TOWNSHIP OF GREENDALE
Midland County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 2

Unallocated:	
Payroll taxes	1 123 85
Legal	2 634 07
Audit	1 500 00
Dues	820 73
Insurance and bonds	5 119 00
Pension	4 409 91
Miscellaneous	9 570 00
West Midland Family Center	<u>2 500 00</u>
	<u>27 677 56</u>
Fire protection	<u>38 514 36</u>
Juvenile justice:	
Contracted services	<u>17 453 83</u>
Planning and zoning:	
Wages	4 170 00
Office supplies	379 34
Legal	415 80
Mileage and expenses	<u>910 47</u>
	<u>5 875 61</u>
Inspection:	
Wages	6 710 00
Payroll taxes	108 76
Pension	836 63
Office supplies	840 36
Miscellaneous	<u>1 103 14</u>
	<u>9 598 89</u>
Highways and streets	<u>45 640 78</u>
Street lighting	<u>1 009 56</u>
Drains	<u>7 270 49</u>
Library	<u>3 907 00</u>
Total Expenditures	<u>218 120 88</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT E

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in Bank	<u>109 10</u>	<u>751 501 82</u>	<u>751 555 38</u>	<u>55 54</u>
<u>Liabilities</u>				
Due to other funds	109 10	64 199 40	64 255 00	53 50
Due to others	<u>-</u>	<u>687 302 42</u>	<u>687 300 38</u>	<u>2 04</u>
Total Liabilities	<u>109 10</u>	<u>751 501 82</u>	<u>751 555 38</u>	<u>55 54</u>

CAMPBELL, KUSTERER & CO., P.C.

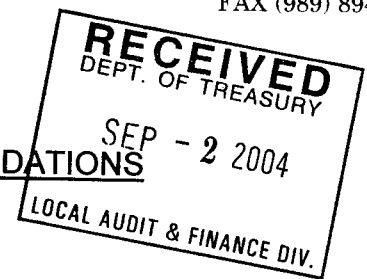
CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS



August 10, 2004

To the Township Board
Township of Greendale
Midland County, Michigan

We have audited the financial statements of the Township of Greendale, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Greendale in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Greendale
Midland County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Greendale
Midland County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Greendale will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants